

Message Text

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ACTION EB-07

INFO OCT-01 SS-15 SP-02 L-02 IO-10 EUR-12 INR-07 ISO-00

/056 W

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P 071640Z MAR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 9049

INFO AMEMBASSY PARIS PRIORITY

USMISSION EC BRUSSELS PRIORITY

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PARIS AND BRUSSELS FOR ENDERS

E.O. 11652: N/A

TAGS: EAGR

SUBJ: GRAIN RESERVES: WORK OF IWC PREPARATORY GROUP

REF: (A) STATE 48459, (B) LONDON 3434

1. TEXT OF LETTER BEING SENT BY ASSISTANT SECRETARY
ENDERS TO J.H. PAROTTE OF INTERNATIONAL WHEAT COUNCIL
(IWC) CONTAINED IN REFTEL WAS DELIVERED TO PAROTTE
MORNING OF MARCH 5 AND DISCUSSED WITH HIM IN DETAIL BY
EMBOFFS LATE NEXT DAY. PAROTTE MOST APPRECIATIVE. IN
GENERAL, HIS THINKING APPEARS TO HAVE CLOSELY
PARALLELED DEPARTMENT'S.

2. SPECIFIC OBSERVATIONS AND POINTS DEVELOPED IN
CONVERSATION WERE:

(A) PAROTTE AGREES WITH OBSERVATIONS IN PARAS 1 AND
2 OF REFTEL, I.E., THAT AD HOC MEETING WENT WELL AND THAT
US VIEWS NOW ON RECORD AND FAIRLY WELL UNDERSTOOD.
CONCERNING LATTER POINT, HOWEVER, PAROTTE POINTED
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OUT THAT GRAIN RESERVES QUESTION, WHILE THOROUGHLY

EXAMINED IN AD HOC MEETING, WAS NOT SO DIRECTLY TREATED IN EITHER THE IWC EXECUTIVE COMMITTEE OR COUNCIL MEETINGS. PROBLEM IS TO TRANSFER MORE OF THE INSIGHTS GAINED IN THE AD HOC DISCUSSIONS TO LARGER MEMBERSHIP OF GROUP. MOST EFFECTIVE WAY TO ACHIEVE THIS WOULD BE TO CIRCULATE AD HOC MEETING REPORT (UNTIL NOW RESTRICTED TO COUNTRIES WHO ATTENDED) TO ALL GROUP PARTICIPANTS. THIS MIGHT BE DONE BY ASKING A COUNTRY WHICH DID NOT PARTICIPATE IN AD HOC MEETING TO REQUEST THIS DOCUMENT (AND PERHAPS FAO CONSULTATION REPORT) AS BACKGROUND FOR GROUP WORK AT OPENING OF GROUP ON MARCH 19 (PAROTTE SUGGESTED SWEDEN). IF THIS NOT ACCEPTABLE, PAROTTE SAW NO SUBSTANTIVE OBJECTION FOR INITIATIVE TO BE TAKEN EITHER BY US OR HIMSELF. IN ANY CASE, HE WILL IMMEDIATELY ARRANGE FOR TRANSLATION AND REPRODUCTION SO REPORT WILL BE AVAILABLE FOR DISTRIBUTION IF REQUIRED.

(B) RE PARA 3 OF REFTL, PAROTTE AGREED RESERVES ISSUE SHOULD BE TREATED AS SEPARATE ITEM FROM OTHER ISSUES. HOWEVER, HE SAID DIFFICULT TO DISCUSS RESERVES WITHOUT AT LEAST TOUCHING ON SOME OF THE OTHER ISSUES. IN HIS VIEW THE RESERVES QUESTION SHOULD BE THE FOCAL POINT OF GROUP DELIBERATIONS. IF AGREEMENT COULD BE REACHED ON RESERVES ISSUE, OTHER ISSUES WOULD FALL INTO PLACE. (DRAFT AGENDA--REF (B)--FORESEES THIS BY SEPARATING "RESERVE PROVISIONS" AND "OTHER ECONOMIC PROVISIONS" AS SUB-ITEMS A AND B, RESPECTIVELY, UNDER ITEM 3). PAROTTE HAS NO PROBLEM WITH BROAD COMMODITY COVERAGE; HOWEVER, HE POINTED OUT THAT WHEAT WOULD NECESSARILY BE THE BACKBONE OF ANY INTERNATIONAL, MULTI-GRAIN RESERVE SYSTEM.

(C) RE PARA 5, PAROTTE AGREED COMPLETELY THAT IMMEDIATE PROBLEM AHEAD IS NEED FOR FURTHER ANALYSIS. HE POINTED OUT THAT THERE WAS NO PREVIOUS INTERNATIONAL EXPERIENCE TO BE DRAWN UPON AND DIFFICULTY FACING GROUP AND SECRETARIAT SHOULD NOT BE MINIMIZED. SUCH QUESTIONS AS GUIDELINES FOR RELEASE AND METHOD FOR REPLENISHING STOCKS COULD PROVE PARTICULARLY KNOTTY.

(D) PAROTTE CONCEPTUALIZES RESERVE SYSTEM AS BEING "VERY FLEXIBLE." ULTIMATELY, OPERATION OF SYSTEM WOULD HAVE TO DEPEND UPON THE "BEST EFFORTS" OF PRODUCERS LIMITED OFFICIAL USE

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RATHER THAN ON AN IRONCLAD SET OF RULES. THE INTERESTS OF THE COMMERCIAL TRADE WOULD HAVE TO BE PROTECTED, BUT SOME EFFORT SHOULD BE MADE TO COORDINATE NATIONAL POLICIES. HE SEES THE EVENTUAL SIZE OF THE RESERVE SMALLER THAN THE 40-60 MILLION TONS MOST OFTEN MENTIONED AS A DISCUSSION POINT DURING THE RECENT MEETINGS. PAROTTE SEES EVENTUAL GRAIN RESERVES, WHEN IT COMES DOWN TO THE NITTY GRITTY OF NEGOTIATIONS AND DECIDING WHO

PAYS, IN RANGE OF 15-20 MILLION TONS. THE QUESTION OF
EMERGENCY STOCKS WILL BE A RELATIVELY SMALL PART OF THE
WHOLE (AN UNEXPECTED FLOOD WOULD BE AN EMERGENCY; CHRONIC
PERIODIC, FLOODINGS WHICH MIGHT BE PREDICTED WITH SOME

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TO SECSTATE WASHDC PRIORITY 9050

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DEGREE OF CERTAINTY, WOULD NOT).

3. CONCERNING A TIMETABLE FOR THE GROUP , PAROTTE SAID
HE NOW VISUALIZES A MORE EXTENDED TIME FRAME, CERTAINLY
LONGER THAN THE INITIALLY PERCEIVED THREE MONTHS. HE
FEELS THERE SHOULD BE NO GROUP MEETING IN APRIL, SO
AFTER THE INITIAL MARCH SESSION THERE WOULD NOT BE A
MEETING UNTIL MAY. THIS WOULD GIVE THE SECRETARIAT MORE
TIME TO UNDERTAKE STUDIES AND TRANSLATE AND CIRCULATE
DOCUMENTS. IT WOULD ALSO ADDRESS A POLITICAL PROBLEM
POSED BY THE EEC. PAROTTE'S ASSESSMENT IS THAT THE BEST
THAT CAN BE EXPECTED OF THE EEC AT THIS POINT IS THAT
IT WILL PLAY A PASSIVE RATHER THAN AN OBSTRUCTIONIST
ROLE. A TIGHT GROUP SCHEDULE, HE BELIEVES, COULD LEAD
TO OUTRIGHT REFUSAL BY THE EEC TO PARTICIPATE. IN ANY
CASE, PAROTTE EMPHASIZED THAT SKIPPING APRIL WOULD NOT
BE TIME LOST SINCE TECHNICAL WORK BY THE SECRETARIAT

WOULD CONTINUE. PAROTTE HAD NO SUGGESTIONS TO OFFER
ON WHAT APPROACH THE USSR WOULD LIKELY TAKE, OTHER THAN
THEY WOULD PROBABLY PARTICIPATE UNDER THESIS THAT IT IS
BETTER TO BE INSIDE AND KNOW WHAT IS GOING ON, THAN
OUTSIDE.

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